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MARKETING INFORMATION SERIES

**THE
SOUTHEASTERN WATERMELON
MARKETING AGREEMENT
PROGRAM**

QUESTIONS AND ANSWERS



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Department of Agriculture

**UNITED STATES
DEPARTMENT OF AGRICULTURE
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DIVISION OF MARKETING AND MARKETING AGREEMENTS
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Review

Since August 1934 the watermelon industry in the four southeastern States—Florida, Georgia, South Carolina, and North Carolina—has had in effect a marketing agreement program for the purpose of assisting growers and shippers in bringing about more orderly marketing conditions for their product. The program was developed by the growers and shippers in cooperation with the Agricultural Adjustment Administration, was first operated during the 1935 shipping season, and has been in continuous operation since.

Early in 1936 representatives of growers and shippers suggested that the watermelon agreement and license be revised in accordance with the Agricultural Adjustment Act, as amended August 24, 1935, and put on a marketing agreement and order basis in accordance with the amended act. After a series of public hearings held in the southeastern States during the first 2 months of 1936, the Secretary of Agriculture issued a marketing agreement and order which became effective May 12, 1936.

The program now in effect for handlers of watermelons grown in the southeastern States is provided for under a marketing agreement and order, the provisions of which are now under the Agricultural Marketing Agreement Act of 1937. The following questions and answers give the salient facts about the program's provisions and operations.

Southeastern Watermelon Marketing Agreement Program

QUESTIONS AND ANSWERS

1. **QUESTION.** What is the purpose of the marketing agreement program now in operation for the southeastern watermelon industry?

ANSWER. It seeks to assist the industry in improving marketing conditions and returns to growers. It enables the industry, by regulating out-of-State shipments more nearly in keeping with market needs, to prevent market gluts which drive down prices to growers.

2. **QUESTION.** How is this program established?

ANSWER. Through a *marketing agreement* and an *order* issued by the Secretary of Agriculture for the southeastern watermelon industry.

3. **QUESTION.** What is a marketing agreement?

ANSWER. A marketing agreement is a voluntary contract between the Secretary of Agriculture and the shippers who sign. Under the law, the marketing agreement to be accompanied by an order had to be signed by handlers of at least 50 percent of the volume of southeastern watermelons shipped to out-of-State markets before it could go into effect.

4. **QUESTION.** What is an order?

ANSWER. An order is a regulation which, under the authority of the law, may be issued by the Secretary of Agriculture in order to make the provisions of the agreement applicable to all handlers, and thus make the program fully effective. Before the order could be issued, the law required the Secretary of Agriculture to determine that its issuance was favored by at least two-thirds of the producers, by number or by volume of southeastern watermelons produced.

5. QUESTION. How was the marketing-agreement program for the southeastern watermelon industry developed?

ANSWER. By leading representatives and organizations of growers and shippers in co-operation with representatives of the Department of Agriculture. The marketing-agreement program was considered at public hearings in the producing area, at which growers and shippers of southeastern watermelons were given opportunity to discuss the program and offer suggestions.

6. QUESTION. Why did the watermelon growers and shippers propose the marketing-agreement program?

ANSWER. During the seasons immediately previous to the adoption of the marketing-agreement program, growers found it increasingly difficult to sell their watermelons at prices which would give them a fair return.

7. QUESTION. What are the main provisions of the marketing agreement and order for the southeastern watermelon industry?

ANSWER. The more important provisions deal with the regulation of shipments of melons out of the four southeastern States and with inspections before shipment. Other provisions establish a control committee of growers and shippers to administer the program, define the committee's duties, and provide a method of financing the operation of the program.

8. QUESTION. How are shipments regulated under the marketing-agreement program?

ANSWER. One method is through the limitation of shipments to watermelons of specified grades and sizes using the watermelon grade standards defined and issued by the United States Department of Agriculture. The other is to regulate the total quantity of melons shipped by suspending shipments for 2-day periods whenever the glutted condition of markets justifies such action. This type of regulation is commonly referred to by the industry as "shipping holidays." The two methods may be used at the same time or separately.

9. QUESTION. How long may such a "shipping holiday" last?

ANSWER. When shipments are suspended in this manner, no watermelons may be shipped to markets outside of the southeastern States for a period of not more than 48 hours. At least 5 days must elapse between such periods when no interstate shipments are made.

10. QUESTION. What is the purpose of suspending shipments during 2-day periods?

ANSWER. To provide for a possible reduction in heavy track holdings that are depressing prices paid to growers.

11. QUESTION. How is the marketing agreement program administered?

ANSWER. Through a control committee of 12 members, 6 of whom are representative of growers and 6 are representative of shippers. Each member has an alternate.

12. QUESTION. Who serves on this control committee?

ANSWER. Only those who produce watermelons, represent growers, and only those who ship southeastern watermelons, represent shippers.

13. QUESTION. How is this control committee selected?

ANSWER. The members of the control committee are selected by the Secretary of Agriculture from nominations submitted to him by growers and shippers.

14. QUESTION. How are these nominations made?

ANSWER. The agreement sets up six producing districts, two each in Florida and in Georgia, and one each in North Carolina and South Carolina. Nominations of grower members of the committee are made at meetings of growers who produced watermelons during the preceding year. These meetings are held in each watermelon-producing county within a district. At those meetings a delegate is chosen to represent the county at a meeting of delegates from all counties within a district. Each district meeting in turn nominates four persons

from whom the Secretary of Agriculture selects a member and an alternate to serve on the control committee to represent the district. Shippers make their nominations by mail to the control committee. The names of the four persons receiving the highest number of votes to represent shippers in Florida, four to represent shippers in North Carolina, four for shippers in South Carolina, eight to represent shippers in Georgia, and four to represent the Sowega Melon Growers' Association, are submitted to the Secretary of Agriculture by the control committee. From these nominees, the Secretary designates members and their alternates to represent shippers on the control committee.

15. QUESTION. Who is eligible to vote in making nominations?

ANSWER. Only those growing or shipping watermelons in the respective areas.

16. QUESTION. What are the powers and duties of the control committee?

ANSWER. The control committee is empowered to administer the marketing agreement program; to formulate rules and regulations for its practical operation; to recommend to the Secretary of Agriculture regulations governing the grade and size of watermelons to be shipped, and suspension of interstate shipments ("shipping holidays") when necessary; to investigate and report to the Secretary complaints of violations of the agreement; to recommend amendments to the agreement to the Secretary; and to serve as an intermediary between the Secretary and any shipper.

17. QUESTION. Are the members of the control committee paid for their services?

ANSWER. No; they serve without pay, but are allowed expenses incurred in connection with their duties as members.

18. QUESTION. Who pays the necessary cost of operating the watermelon-agreement program?

ANSWER. Each shipper shares in paying the cost of operating the marketing-agreement program through an assessment upon

each carload of melons he ships. The rate of assessment is established by the Secretary of Agriculture on the basis of a budget submitted by the control committee covering its expenses. The assessment has amounted to \$1 per carload of melons shipped during each of the first two seasons through which the program has been in effect.

19. QUESTION. Who determines when shipments should be regulated?

ANSWER. The agreement provides that the Secretary of Agriculture shall receive recommendations from the control committee for putting into effect "shipping holidays", or limiting the grades and sizes of melons which may be shipped. These recommendations guide the Secretary in issuing the necessary regulations.

20. QUESTION. What facts must the control committee consider in arriving at its recommendations to the Secretary of Agriculture?

ANSWER. In considering recommendations for regulations governing shipments of watermelons, the control committee must be guided by the current price received by growers; the total quantity of watermelons available for shipment during the proposed period of limitation; the proportion of various grades and sizes available during such period; the track holdings and unloads of watermelons in the terminal markets and quantity moving to markets; the general market conditions prevailing as reflected in current prices received at terminal markets; and other pertinent market factors.

21. QUESTION. What action must the control committee take before it can make recommendations to the Secretary of Agriculture for regulation of shipments?

ANSWER. The recommendations must be approved by a two-thirds vote of the committee members qualified to vote, and only those members who represent districts in which melons are available and are to be shipped during the proposed limitation period are qualified to vote on the recommendations.

22. QUESTION. Why are the regulations issued by the Secretary of Agriculture instead of by the control committee?

ANSWER. The law requires and the courts have ruled that the Secretary cannot delegate to others the authority to issue regulations.

23. QUESTION. When the Secretary of Agriculture issues regulations under the program, to whom do they apply?

ANSWER. To shippers and to growers who act in the capacity of shippers in the shipment of melons to points outside the four States included in the program.

24. QUESTION. How do shippers and growers know when watermelon shipments are to be regulated?

ANSWER. The control committee is required to give notice at least 30 hours before the regulations go into effect. This is done by issuing press releases, posting notices at the committee office, or by such other available means as the committee may deem necessary.

25. QUESTION. May an exemption from regulations be made?

ANSWER. Yes; when investigation shows that the percentage of a particular grower's melons available for shipment during a period of limitation of shipments by grades and sizes is below the average percentage of all growers' melons intended for shipment during the period from the area under the marketing agreement program, that grower may be exempted, for a specified time, from the regulations.

26. QUESTION. How may this exemption be obtained?

ANSWER. By application to the control committee.

27. QUESTION. If it is found that such an exemption should be made for a grower, to what extent may the grower's melons be exempted?

ANSWER. Such a quantity of melons of the regulated grades or sizes may be shipped for the grower as will bring his shipments during the regulation period up to a percentage equal to the average percentage which all

growers could ship during the regulation period.

28. QUESTION. Before melons are actually shipped for a grower who received such an exemption, what must the person handling these melons for shipment do?

ANSWER. Before the exempted melons can be shipped, the shipper must endorse on the certificate of exemption issued by the control committee the quantity of each grade or size of the melons to be shipped; the time of such endorsement; and by whom the endorsement is made. Shippers are not permitted to ship watermelons for a grower in excess of the quantity authorized by the exemption, nor may an exemption certificate be endorsed by a shipper after its expiration date.

29. QUESTION. Why is it necessary that all shipments of watermelons be inspected?

ANSWER. In addition to improving the standards of quality of the watermelons shipped, inspection is needed to provide information for the use of the control committee and the Secretary of Agriculture respecting the grades and sizes of watermelons shipped by each shipper. Shippers are required to report this information to the control committee and, during periods when grade and size regulations are in effect, each shipper of watermelons must file with the control committee a certificate of inspection showing the grade and size of the melons shipped.

30. QUESTION. From whom are the inspection certificates obtained?

ANSWER. From a Federal-State inspector, or an inspector accredited by the control committee. Inspectors accredited by the control committee may be those employed by associations of growers or loading associations, or other inspectors properly qualified.

31. QUESTION. May melons be shipped by persons in the names of other persons?

ANSWER. No person may ship melons in the name of another person without first ob-

taining the consent in writing of such other person.

32. **QUESTION.** Who enforces regulations issued under the marketing agreement and order?

ANSWER. The Secretary of Agriculture and the Attorney General of the United States.

33. **QUESTION.** Does the marketing-agreement program change the customary relationships between growers and shippers?

ANSWER. No. Growers may market their watermelons through any shipper they may select. No grower is required to change his customary marketing connections.

34. **QUESTION.** Is it possible to change the provisions of the agreement and order?

ANSWER. Yes; if growers and shippers find changes desirable.

35. **QUESTION.** How may such changes be brought about?

ANSWER. By amendments proposed at any time by the control committee or by signers of the agreement.

36. **QUESTION.** How do amendments become effective?

ANSWER. Before amendments can be made, they must be considered at a public hearing. If, as a result of the hearing, it is found that the suggested amendments are desirable, the agreement as amended may be tentatively approved by the Secretary of Agriculture and sent to shippers for acceptance. If shippers of at least 50 percent of the volume of southeastern watermelons sign the agreement as amended, it is ready for final approval of the Secretary. Before the order containing the amendments may be issued, it is necessary for the Secretary to determine that the issuance of the amended order is favored by at least two-thirds of the southeastern watermelon growers by number or by the volume of melons produced.

37. QUESTION. How may the marketing agreement program for southeastern watermelons be terminated?

ANSWER. The program may be terminated either by the Secretary of Agriculture or by the growers or shippers concerned. Termination by growers can be accomplished at the end of any marketing season whenever a majority of the growers who also represent more than 50 percent of the quantity of watermelons produced for market in the four States during the season just ended request such action. Shippers may cause the termination of the agreement by the same procedure as for growers, except that not less than 67 percent of the shippers who signed the marketing agreement, and who shipped not less than 67 percent of the volume from the States designated shall make such a request of the Secretary.

38. QUESTION. Where is the office of the control committee located?

ANSWER. At Albany, Ga.

39. QUESTION. Where may further information concerning the watermelon marketing agreement program be obtained?

ANSWER. From the control committee, State colleges of agriculture, county agents, or the General Crops Section, Agricultural Adjustment Administration, Washington, D. C.



